



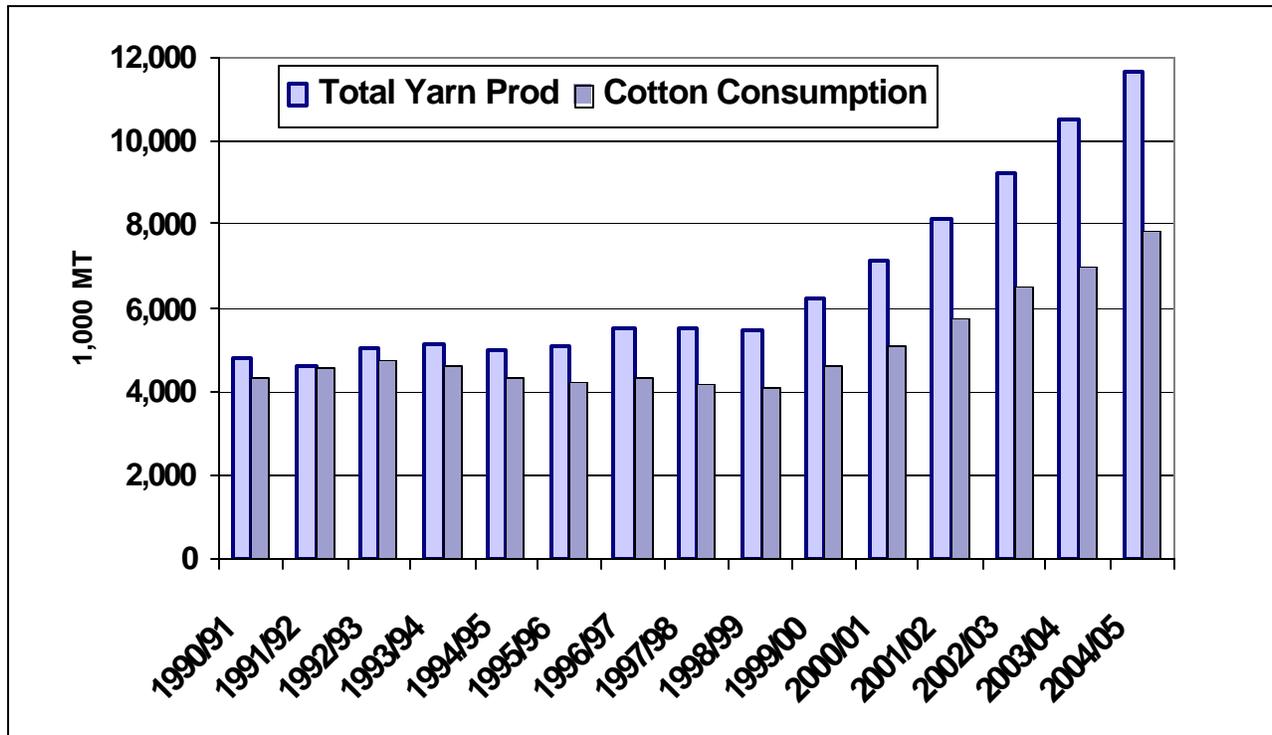
United States
Department of
Agriculture

Foreign
Agricultural
Service

Circular Series
FC-11-04
November 04

Cotton: World Markets and Trade

Strong Growth in Yarn Production Boosts China's Cotton Consumption



The forecast for cotton consumption in China for 2004/05 was raised to 36.0 million bales, up 1.25 million bales. The increase is based mainly on strong total yarn production growth. For the Aug-Oct 2004 period, total yarn production was reported at 2.87 million mt, up 18.0 percent from the same period last year.

In 2003/04 relatively high cotton prices early in the year made cotton less competitive with man-made fibers and appears to have hurt cotton's share of total yarn production. The estimate for 2003/04 cotton consumption was revised down slightly to 32.0 million bales as recent evidence suggests that cotton's share was lower than previously estimated. Cotton's share of total yarn production has been declining in China, as shown by the stronger growth in total yarn production than cotton consumption over the last decade, but is likely to rebound in calendar 2005 with more abundant Chinese and world supplies. China does not publish official cotton yarn production statistics nor are there official estimates for cotton's share of total yarn production.

Revisions were also made to historical China stock estimates, for specific data please see information inside this Circular.